

Message Text

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E.O. 11652: N/A

TAGS: PFOR, IN

SUBJ: MADRAS HINDU ON INDO-US "RIFT"

FOLLOWING SENT ACTION NEW DELHI FROM ACONSUL MADRAS MARCH
13, 1975 IS REPEATED TO YOU.

QUOTE

MADRAS 0312

E.O. 11652: N/A

TAGS: PFOR, IN

SUBJ: MADRAS HINDU ON INDO-U.S. "RIFT"

1. MADRAS HINDU MORNING MARCH 13 PUBLISHED WASHINGTON CORR-
ESPONDENT SAGAR ARTICLE "U.S. OFFICIALS HOPEFUL OF HEALING RIFT
WITH INDIA." EXCERPTS FOLLOW:

"THE PRECIPITOUS COURSE THAT INDO-U.S. RELATIONS
HAVE TAKEN SINCE WASHINGTON DECIDED TO RESUME ARMS
SUPPLIES TO PAKISTAN IS NOT CONSIDERED TO BE ABSOLUTELY
IRREVERSIBLE, BUT NO ONE ON EITHER SIDE, AS OF NOW,
HAS ANY CLUE AS TO HOW ALL THE WORK THAT HAD GONE INTO
ESTABLISHING A MATURE AND WORKABLE RELATIONSHIP BETWEEN
THE TWO COUNTRIES CAN BE SALVAGED.

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"WHILE BOTH INDIAN AND U.S. OFFICIALS HERE HAVE NOT

ABANDONED ALL HOPES OF REPAIRING THE RIFT, IT IS THE LATTER WHO SOUND MORE HOPEFUL-AND NATURALLY SO BECAUSE IT WAS THEY WHO CAUSED THE LATEST RIFT BY THE UNWISE AND UNTIMELY DECISION TO LIFT THE ARMS EMBARGO AGAINST PAKISTAN...

"..THERE IS STILL NO CREDIBLE EXPLANATION WHY THE U.S. COULD NOT HAVE DELAYED A DECISION UNTIL THE SECRETARY OF STATE, DR. KISSINGER, HAD HEARD WHAT THE EXTERNAL AFFAIRS MINISTER, MR. CHAVAN, HAD TO SAY (IN THE NORMAL COURSE MR. CHAVAN WOULD HAVE ARRIVED HERE TODAY FOR THE MEETING OF THE JOINT COMMISSION). WASHINGTON ALSO DID NOT ALLOW THE INDIAN AMBASSADOR, MR. T.N. KAUL, WHO HAD SOUGHT A MEETING WITH PRESIDENT FORD THROUGH DR. KISSINGER, TO PRESENT INDIA'S CASE. IN THE EVENT INDIA NEVER HAD ITS DAY IN COURT, SO TO SPEAK, EVEN THOUGH IT HAD PREVIOUSLY BEEN ASSURED THAT IT WOULD BE CONSULTED BEFORE A DECISION WAS ANNOUNCED...

"TWO MOST IMMEDIATE CASUALTIES OF THE U.S. DECISION ARE THE NEW U.S. AMBASSADOR, MR. WILLIAM SAXBE, WHO LIKE HIS PREDECESSOR HAD ADVISED AGAINST ARMING PAKISTAN (AND WHO HAS BEEN EMBARRASSED A GREAT DEAL) AND MR. KAUL WHO HAD STAKED HIS REPUTATION AND INFLUENCE IN DELHI BY WORKING STRENUOUSLY FOR IMPROVED INDO-U.S. RELATIONS AT A TIME WHEN IT WAS NOT THE POPULAR THING TO DO IN THE EYES OF SOME QUARTERS IN INDIA.

"SINCE DR. KISSINGER PUBLICLY CHARACTERISED MR. KAUL'S INITIAL STATEMENT OF PROTEST AS 'UNACCEPTABLE' THE INDIAN ENVOY HAS BEEN VIRTUALLY REDUCED TO THE KIND OF POSITION IN WHICH THE FORMER AMBASSADOR, MR. L.K. JHA, WAS PLACED AFTER HE CRITICISED THE U.S. FOR DESPATCHING THE AIRCRAFT CARRIER ENTERPRISE TO THE BAY OF BENGAL AT THE HEIGHT OF THE BANGLADESH WAR...

"MEANWHILE THOUGH INDO-U.S. RELATIONS REMAIN UNEASY AND UNCERTAIN BOTH SIDES ARE EXPRESSING VAGUE HOPES OF CONTINUING THE WORK OF THE THREE SUB-COMMISSIONS, IN THE EXPECTATION THAT THE MINISTERIAL LEVEL

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JOINT COMMISSION MEETING CAN STILL BE RESCHEDULED AT SOME FUTURE DATE WHEN THE DUST HAS SETTLED. TAKING A PRAGMATIC VIEW, INDIA'S INTENTION NOW SEEMS TO BE TO CONTINUE THE NEGOTIATIONS REGARDING THE FOOD AID THE U.S. HAD PROMISED AT THE TIME OF DR. KISSINGER'S DELHI VISIT SEVERAL MONTHS AGO.

"..THE IDENTITY OF THOSE IN THE STATE DEPARTMENT FOR AND AGAINST THE DECISION (TO LIFT ARMS EMBARGO) IS NOW

BECOMING KNOWN. THOSE FOR WERE DR. KISSINGER AND UNDER-SECRETARY JOSEPH SISCO, AND THOSE AGAINST WERE MR. SAXBE AS WELL AS THE DEPUTY SECRETARY OF STATE, MR. ROBERT INGERSOLL. THE THEN CHARGE D'AFFAIRES IN DELHI, MR. DAVID SCHNEIDER, IS ALSO SAID TO HAVE WARNED WASHINGTON THAT IT SHOULD NOT UNDERESTIMATE DELHI'S REACTION."

2. IN G.K. REDDY ARTICLE "REDUCTION IN U.S. WHEAT AID", ALSO IN HINDU MARCH 13, AFTER POINTING HOW CHAVAN IS AVOIDING USA ENROUTE TO HAVANA, AUTHOR STATES "THE NEW AMERICAN AMBASSADOR, MR. WILLIAM SAXBE, HAS BEEN ADOPTING A LOW PROFILE TO LET THE FRAYED INDIAN TEMPER COOL DOWN A BIT OVER THE ARMS ISSUE, BEFORE HE GETS INTO STRIDE IN DELHI. THE NECESSARY APPOINTMENTS HAVE NOT YET BEEN FIXED FOR HIM TO MAKE THE CUSTOMARY CALLS ON THE VICE-PRESIDENT, THE PRIME MINISTER AND THE EXTERNAL AFFAIRS MINISTER AFTER THE PRESENTATION OF HIS CREDENTIALS TO THE PRESIDENT. THOUGH HE MIGHT HAVE AN OPPORTUNITY TO MEET MR. B.D. JATTI AND MRS. INDIRA GANDHI SOON IN THE NORMAL COURSE, MR. SAXBE WILL HAVE TO WAIT FOR MR. CHAVAN'S RETURN FROM HAVANA TO SEE HIM.

"HOWEVER, THE CURRENT INDO-AMERICAN DISSENSION ON THE POLITICAL FRONT OVER THE U.S. RESUMPTION OF ARMS SUPPLIES TO PAKISTAN HAS NOT BEEN ALLOWED TO COME IN THE WAY OF ECONOMIC RELATIONS. THE FOOD DEAL WHICH WAS IN THE FINAL STAGES WHEN THE U.S. ANNOUNCED ITS DECISION TO LIFT THE ARMS EMBARGO HAS NOW BEEN CARRIED TO THE CONCLUSIVE POINT AT WHICH THE TWO SIDES HAVE STARTED TALKING ABOUT THE ARRANGEMENTS FOR SIGNING THE AGREEMENT IN WASHINGTON. BUT IN IRONING OUT THE REMAINING PROCEDURAL AND LEGAL DIFFERENCES, THE PROMISED ONE MILLION TONS HAS BEEN SCALED DOWN BY CONFINING THE TRANSACTION TO WHEAT AND ELIMINATING RICE
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FROM IT.

"..THE COMPLICATED U.S. PROCEDURES RELATING TO THE SO-CALLED VALUE CEILINGS HAVE LED TO A REDUCTION OF THE TOTAL LOAN WITH THE RESULT THE FINAL MONETARY FIGURE MAY BE IN THE RANGE OF ONLY DOLS150 MILLIONS WHICH WOULD ENABLE INDIA TO PURCHASE BETWEEN SEVEN AND EIGHT LAKH TONS OF WHEAT AT THE PREVAILING PRICES.

"THE HITCH HAS ARISEN OVER THE INTERPRETATION OF THE RE-EXPORT RESTRICTION IN REGARD TO RICE. THROUGH THE U.S. HAS WAIVED THE PROVISION IN RELATION TO WHEAT BY RESTRICTING IT TO THE DURATION OF THE PURCHASE PERIOD AND NOT THE LOAN, IT WAS UNABLE TO DO SO IN REGARD TO RICE SINCE INDIA CONTINUES TO RELY ON ITS BASMATI RICE EXPORTS TO THE ARAB COUNTRIES AS

A FOREIGN EXCHANGE EARNER AT THIS DIFFICULT TIME.
THE AGREEMENT IN ITS FINAL FORM WOULD NOT COME IN THE WAY
OF INDIA RETURNING ITS WHEAT LOAN TO THE SOVIET UNION WHEN
THE TIME COMES FOR IT, BUT IT WOULD HAVE OBLIGED
INDIA NOT TO SELL DURING THE STIPULATED PERIOD EVEN HIGH QUALITY
BASMATI RICE WHICH IS A TRADITIONAL EXPORT ITEM. IT HAS,
THEREFORE, BEEN DECIDED TO LEAVE RICE OUT OF THIS FOOD
TRANSACTION WITH THE UNITED STATES....

"THE GOVERNMENT OF INDIA TOOK A TOUGH STAND IN THE
BELIEF THAT THE U.S. GOVERNMENT CAN USE IT ITS EXECUTIVE
DISCRETION, IF IT WANTED TO WATER DOWN SUCH PROVISIONS
AS IT HAS DONE IN THE CASE OF OTHER COUNTRIES IN THE PAST.
SO THESE TORTUOUS NEGOTIATIONS BECAME IN INDIA'S EYES
A TEST OF U.S. SINCERITY IN SEEKING BETTER RELATIONS WITHOUT
CAUSING UNNECESSARY EMBARRASSMENT TO IT. AND IT IS
AGAINST THIS BACKGROUND THAT THIS FOOD DEAL CAME TO ACQUIRE
POLITICAL OVERTONES BY GENERATING FALSE SUSPICIONS AND
PRODUCING NEW IRRITATIONS." SIGNED EAVES
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